



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

January 15, 2003

Honorable Jerry Luke LeBlanc, Chairman
Performance Review Subcommittee of the
Joint Legislative Committee on the Budget
and Members of the Subcommittee
P. O. Box 44294
Baton Rouge, LA 70804

Re: Exceptional Performance and Gainsharing Incentive Program
Proposal by the Department of Health and Hospitals, Office
of Public Health, Personal Health Program, Budget and
Management

Dear Committee Members:

In accordance with Louisiana Revised Statute (R.S.) 39:87.5(D)(8), we have completed our analysis of the material and substantive accuracy of the proposal submitted by the Department of Health and Hospitals (DHH), Office of Public Health (OPH), Personal Health Program, for a reward based on the Exceptional Performance and Efficiency Incentive Program. DHH's proposal is based on the automation of budget preparation activity in OPH and requests a total reward of \$6,558. Of this amount, DHH would spend \$5,902 for computer software training and \$656 for supplemental compensation for an employee who formulated the idea that is the basis for the exceptional performance outlined in the proposal.

Attachment 1 to this letter provides the results of our verification and analysis of the proposal (Attachment 2). In summary, our verification found the following:

- DHH's OPH requests supplemental compensation of \$656 for Ms. Portia Tierney. Ms. Tierney was employed by DHH for the entire period covered by the incentive proposal (fiscal year 2002).
- We could not determine if the proposal was materially accurate for the following reasons:
 - The total amount of salary savings shown in the proposal is based on an estimate of how many man-hours used to manually enter budget data into the state's accounting system (ISIS-AFS or Integrated Statewide Information System-Advantage Financial System). OPH could not provide documentation showing the number of hours saved on this activity.

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- Although OPH employees no longer have to manually enter budget data into ISIS-AFS, there has not been an actual cost reduction as a result of implementing the computer program. The same employees who used to manually input the budget data still work in OPH's Budget and Management activity. However, they now perform other tasks. No reduction of salaries or other costs has occurred. Implementation of this software does appear to save a step in the agency's efforts toward inputting budget data into ISIS-AFS.
- OPH paid \$36,512 for the computer program that uploads budget information automatically into ISIS-AFS. If actual annual savings of \$6,558 were realized, it would take almost six years for OPH to recoup its initial investment for computer programming. However, the concept can be shared with other departments and offices to produce greater efficiency.

I hope this information is useful in your legislative decision-making. A copy of this information has been provided to DHH.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with the first name "Daniel" being the most prominent part.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/ss

Attachments

[DHHBMP03]

Office of the Legislative Auditor

*Department of Health and Hospitals (DHH), Office of Public Health,
Personal Health Program, Budget and Management Activity
Verification of Proposal Based on the Exceptional Performance
and Efficiency Incentive Program*

Louisiana Revised Statute (R.S.) 39:87.5(D)(8) requires the legislative auditor to verify the material and substantive accuracy of the information contained in a proposal submitted pursuant to the Exceptional Performance and Efficiency Incentive Program. R.S. 39:87.5(D) provides the types of performance to be achieved to qualify for a reward. A proposal may be based on exceptional performance wherein an agency demonstrates that it has consistently met or exceeded a significant number of the standards for its key and supporting performance indicators related to a particular activity.

DHH's OPH bases its proposal (see Attachment 2) on exceptional performance, specifically the achievement of Ms. Portia Tierney in formulating the idea for software programming to electronically transfer budget data to the state's accounting system that would reduce the number of man-hours previously spent on this task.

Proposed Reward Amount

DHH/OPH is requesting supplemental compensation of \$656 for Ms. Tierney. State Civil Service Rule 6.16.3 states that to be eligible for any gainsharing program, an employee must have been employed in the agency, program, or activity during the period when efficiencies were realized and at the time that the reward is distributed. DHH/OPH based its proposal on performance during fiscal year 2002. Ms. Tierney was employed at DHH/OPH during fiscal year 2002 and continues to be employed there.

DHH/OPH is also requesting non-recurring expenditures of \$5,902 for training purposes. The funds would be used to train budget section staff on different types of computer software.

Accuracy of Information in the Proposal

The proposal (Attachment 2, page 2) states that the computer program saved the agency approximately nine man-weeks of manual key punching in this fiscal year; however, the agency was unable to produce supporting documentation. DHH/OPH could not produce support documentation of the time it took to spread the budget or the time that was saved with the introduction of this computer program. The number of man-hours used to enter the budget and the number of man-hours saved is based upon estimates developed by DHH/OPH officials.

The proposal states that \$6,558 in staff time was saved through the implementation of this computer program. However, there was not a real cost savings because the same employees who used to manually input the budget data still work in the Budget and Management activity center of the OPH. DHH/OPH officials stated the time savings would allow these employees to spend time on other projects.

The proposal states that DHH/OPH paid \$37,750 to a contractor to create a program that would allow budget data to be electronically rather than manually transferred from an electronic spreadsheet to ISIS. However, DHH/OPH could only produce paid invoices in the amount of \$36,512. DHH/OPH states that this program saved \$6,558 in man-hours this fiscal year. The proposal states that this savings will be recurrent in future years. However, the proposal does not mention the maintenance costs and debugging costs that the agency will incur in future years and deduct those from the savings. If there are cost savings of \$6,558, it would take DHH/OPH almost six years to recoup its initial investment. In addition, as ISIS changes, the computer program would probably have to be changed to remain compatible, resulting in additional costs.

The proposal states that this mechanism can be duplicated and shared with all ISIS agencies, extending these savings statewide. According to the programmer and DHH/OPH, only the conceptual nature of the program is transferable. The programmer would have to modify the program for each agency, set the program up and test it--all at an additional cost.

Attachment 2

Department of Health and Hospitals
Office of Public Health
(Budget and Management)

Proposal for Incentive Fund Reward
Based on Exceptional Performance

DEPARTMENT: **Health and Hospitals** SCHEDULE: **09-326**

AGENCY: **Office of Public Health** PROGRAM: **Personal Health**

ACTIVITY: **Budget & Management**

SUBJECT FISCAL YEAR: **2001/2002**

Prior to FY 2001/2002 the input of the Appropriation to the Organizational Units within the agency was done through manual keying of documents to ISIS. This is a very labor-intensive activity, since the Office of Public Health maintains approximately 300 organizations.

Portia Tierney (Administrative Director of the Budget section), through a contract with Jeff Murray's Programming Shoppe developed a mechanism, approved through OSRAP, that uploads this information automatically.

This computer program saved the agency approximately nine man-weeks of manual keypunching and \$6,558 in this fiscal year alone. This savings would be recurring for future fiscal years as well.

Furthermore, conceptually, this mechanism can be duplicated and shared with all ISIS agencies once documentation from the programmer is obtained, extending these savings statewide.

Application prepared by: Craig Peters Date: 11/13/02

Signature

Agency head approval: Madeline McAndrew Date: 11/15/02

Signature

Received by the Performance Review Subcommittee: Date:

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Sent to the Legislative Auditor Date:

Response from Legislative Auditor: Date:

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Disposition by Subcommittee: _____ Date: _____

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Part One: Explanation of the Activity and the Exceptional Performance

Describe the activity (the "subject activity"), program and performance data upon which your proposal is based. The subject activity may be a subset or component of a program (or equivalent), or involve the efforts of one or more programs or the entire agency. Be specific in identifying the organizational unit or area where the exceptional performance was achieved. Section A. is used to give a narrative description, and Section B. is used to provide the specific performance data.

A. Provide a detailed narrative description of the subject activity or program(s) and summarize the exceptional performance achieved by that entity.

Prior to FY 2001/2002 the input of the Appropriation to the Organizational Units within the agency was done through manual keying of documents to ISIS. This is a very labor-intensive activity, since the Office of Public Health maintains approximately 300 organizations. OPH had to manually key into ISIS, Executive Budget documents which spread the Operating Budget, by object code, to each and every organizational unit within the agency. At 4 lines of coding per page, the average OPH organization requires 6 pages of coding each. On an average of 112 keystrokes per page, times 6 pages per organization, times 300 organizations, equals approximately 201,600 keystrokes. This manual system of keying in this information consumes about 360 hours costing \$6,558 in staff time.

Portia Tierney (Administrative Director of the Budget section) envisioned having a program written that would upload the Executive Budget's into ISIS- thus eliminating all of this manual keypunching.

Jeff Murray's Programming Shoppe was already on contract to the agency and reports of his work were excellent. Portia Tierney prepared a task order detailing what needed to be accomplished and the end-result required, had Jeff estimate the costs relative to that task, and got it approved through channels. She then requested it to be put on the agenda of the next ISIS steering committee meeting and sold the idea to them, since Jeff would need special interface approval, as well as data-mapping to accomplish this task. She then worked with the programmer from Jeff's shop to complete the task. Cost of this task was \$37,750. This program has worked fabulously for the past two budget cycles.

This computer program saved the agency approximately nine man-weeks of manual keypunching and \$6,558 in this fiscal year alone. This savings would be recurring for future fiscal years as well.

Furthermore, conceptually, this mechanism can be duplicated and shared with all ISIS agencies once documentation from the programmer is obtained, extending these savings statewide.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

- B. Provide detailed performance data evidencing the exceptional performance represented in your proposal. Be sure to note those specific performance indicators and standards which are particularly important. Provide any separate or narrative background information necessary to highlight or support the exceptional nature of the performance. *All proposers must complete Format 1. Format 2 is to be used to report additional data which is not captured in LaPAS.***

Using Format 1, list all objectives and performance indicators for the subject year and at least the immediately preceding year (three years of data is best) for the program (or equivalent) in which the subject activity occurred. Provide the performance standards from the enacted budget/LaPAS. For proposals based on activities which occur at the sub-program (or equivalent) level which are not directly reflected in the agency's LaPAS performance data, the data for the program (or equivalent) comprising such activity is *required*. In cases where multiple programs are involved, provide the performance data for the entire agency.

Format 1. Provide the LaPAS data using this format, attaching addenda as necessary.

Program (or agency):	Office of Public Health					
Objective:	Efficient budget management					
	FY 00		FY 01		FY 02	
Performance Indicators	Standard	Actual	Standard	Actual	Standard	Actual
Spread of appropriations to the organizations (in man-hours)	888	888	888	888	888	528
Cost to spread the budget	\$16,176.40	\$16,176.40	\$16,176.40	\$16,176.40	\$16,176.40	\$9,618.40

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Use "Format 2" for instances where the agency's performance data in the enacted budget and LaPAS does not reflect the efforts and achievements associated with the activities forming the basis of your proposal. Provide clear and specific evidence of the establishment of an expected level of performance at the beginning of the fiscal year or before the activity was undertaken, which expectation could then be compared to actual achievements at year's end. Citation of specific source documents for this data is *required*.

Format 2.

Program (or agency):						
	FY		FY		FY	
Performance Expectation	Standard	Actual	Standard	Actual	Standard	Actual

Manual input of the Appropriation into the Organizational Units of OPH require approximately 3 man-weeks for each of the following:

Budget Manager GS 20 @ \$24.01/hr.	\$2,881.20
Budget Analyst 3 GS 17 @ \$18.74/hr.	2,248.80
Budget Analyst @ GS 15 @ \$11.90/hr.	<u>1,428.00</u>
	\$6,558.00

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

C. Expenditures. For the subject year and the preceding year, provide the following expenditure data for the program(s) (or equivalent) in which the subject activity occurred, as well as that for the entire agency. *Provide this data using the format below, attaching addenda as necessary.*

Program:	Personal Health	Preceding Year	Subject Year
		FY 2000/2001	FY 2001/2002
	End-of-year actual expenditures	\$189,577,897	\$205,852,341
	End-of-year actual T.O.	1568	1515

Program:		FY	FY
	End-of-year actual Expenditures		
	End-of-year actual T.O.		

Agency:	Office of Public Health	FY 2000/2001	FY 2001/2002
	End-of-year actual Expenditures	\$209,771,623	\$230,470,966
	End-of-year actual T.O.	2,028	1,941

PART TWO: ACTIONS OF EMPLOYEES

Complete this Part if the achievements evidenced in your proposal are the result of the efforts of specific employees. Present this information in narrative fashion. You must include the employee names, job titles, and general contribution to the effort.

Prior to FY 2001/2002 the input of the Appropriation to the Organizational Units within the agency was done through manual keying of documents to ISIS. This is a very labor-intensive activity, since the Office of Public Health maintains approximately 300 organizations.

Portia Tierney (Administrative Director of the Budget section), through a contract with Jeff Murray's Programming Shoppe developed a mechanism, approved through OSRAP, that uploads this information automatically.

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Furthermore, conceptually, this mechanism can be duplicated and shared with all ISIS agencies once documentation from the programmer is obtained, extending these savings statewide.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

PART THREE: EXPLANATION OF PROPOSED REWARD AND ITS USE

I. Aggregate amount of reward requested:

\$6,558

II. Explain how the proposed reward funding would be used, whether for non-recurring expenditures or supplemental compensation, or both:

A. Non-recurring expenditures

Budget Training \$5,902.20 (90% of 1 year of savings realized)

To be used to train Budget section staff on computer software training.

B. Supplemental Compensation

Portia Tierney \$655.80 (10% of 1 year of savings realized)